

Email.beginhide.merge

January 23, 2007

The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2000

Dear Chairman Cox,

It was a pleasure to speak with you and your staff in my office on January 5. As we discussed during that meeting, I am forwarding you materials about municipal bonded indebtedness in Jefferson County, Alabama. This matter has been of interest to me for a number of years during which I have gathered this file of information about swaps in general and Jefferson County in particular.

Included in these materials is a 1997 letter sent by a local commissioner to then-SEC Chairman Arthur Levitt. Since this letter is now almost ten years old and there have been two chairmen in the interim, I wanted to bring it specifically to your attention.

The SEC has initiated a swaps investigation into transactions that occurred in Jefferson County in the 1990's. Although it is not certain that false representations were made in those transactions, my view is that the cost of water and sewer services in the county has risen as a result of these swaps.

Therefore, this is an issue of significant concern to my constituents and to me. While a primary mandate of the SEC is to protect investors and the integrity of capital markets, I hope damages to the taxpayers and utility rate payers will also be considered as this case moves forward. Penalties are certainly appropriate to send a message to the industry, but disgorgement is also suitable in a case where the damages may not have been to investors, but to taxpayers.

Thank you for your consideration. I look forward to your response and to working with you throughout the 110th Congress. Please have your staff contact Kevin Edgar or Michael Borden if they have any questions.

Sincerely,

Spencer Bachus